



**HEALTH CARE FINANCING ADMINISTRATION  
CENTER FOR MEDICAID AND STATE OPERATIONS**

Disabled and Elderly Health Programs Group  
Division of Integrated Health Systems  
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Baltimore, Maryland 21244-1850

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**THERESA PRATT**  
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March 29, 2001

Jessie K. Rasmussen, Director  
Department of Human Services  
Hoover State Office Building, 5th Floor  
Des Moines, Iowa 50319-0114

Dear Ms. Rasmussen:

I am pleased to inform you that the Health Care Financing Administration (HCFA) is approving Iowa's request for renewal of the Iowa Plan Mental Health/Substance Abuse Waiver program authorized under sections 1915(b)(1), (3), and (4) of the Social Security Act (the Act). This approval provides for the waiver of sections 1902(a)(10)(B); comparability of services, and 1902(a)(23); freedom of choice, of the Act to provide managed behavioral health care Statewide to individuals who qualify for Medicaid under requirements for Temporary Assistance to Needy Families (TANF), TANF-related, Supplemental Security Income (SSI), SSI-related and Dual eligibles (Medicaid and Medicare) for the 2 year period from March 1 2001, to February 28, 2003.

The decision to approve this waiver renewal is based on evidence submitted to HCFA showing that the State's waiver program is consistent with the purposes of the Medicaid program. The waiver renewal has met the applicable statutory and regulatory requirements for access to care and quality of services, and has been and will continue to be a cost effective means of providing mental health and substance abuse services to Iowa's Medicaid recipients.

HCFA continues to be concerned with issues surrounding cost shifting between Rehabilitation Treatment Services (RTS) and the Iowa Plan. As outlined in the terms and conditions, the State should include all behavioral care service costs whether or not the capitated provider is financially at-risk for the services in the cost-effectiveness calculations for the capitated behavioral health carve-out.

Please note that waiver approval is contingent on the following terms and conditions:

1. The State will continue to calculate an Upper Payment Limit (UPL) for drugs (e.g., mental health-related drugs) for use in calculating the waiver's cost effectiveness in its future renewal requests.

2. The State will include all behavioral care service costs (including RTS and adult rehabilitation), whether or not the capitated provider is financially at-risk for the services in the cost effectiveness calculations for the capitate behavioral health carve-out in its future renewal requests.
3. As in the past, for the addition of a region, rebid of a contract, or modification affecting services, capitation rates or entities contracting with the State of Iowa, the waiver and contracts will need to be amended to reflect changes in quality, access, and cost-effectiveness. Please note that only costs associated with State Plan services may be included in the UPL or without waiver calculations.
4. The State will submit to HCFA, on an annual basis, the number of children participating in the waiver who are included in categories 1, 2, 3, 4, and 5 of the definition of special needs children in the Balanced Budget Act of 1997 (BBA). Identification through either aid code analysis or manual review is acceptable.
5. The State will review complaints and grievances and track those cases involving children in the waiver identified in categories 1, 2, 3, 4, and 5 of the BBA's definition of special needs children. (A manual review is acceptable.) On an annual basis, the State will report to HCFA the number of complaints and grievances for these groups, and submit an analysis, stratified by group, of type and number of complaints and grievances filed, and their resolution.
6. The State will submit to HCFA, on an annual basis, the number of children identified in categories 1, 2, 3, 4, and 5 of the BBA's definition of special needs children who voluntarily change providers or disenroll from the managed care system into FFS.

I wish you continued success in the operation of this program for Medicaid beneficiaries in Iowa. If you have any questions regarding this waiver renewal or the Balanced Budget Act of 1997, please contact Mr. Tom Lenz, Associate Regional Administrator for Medicaid in the Kansas City Regional Office at (816) 426-5925.

Sincerely,

/s/

Theresa A. Pratt

cc:

Jane Gaskill, Iowa Department of Human Services  
Tom Lenz, Kansas City Regional Office  
James Scott, Kansas City Regional Office